

Remarks

This is responsive to the Office Action mailed December 24, 2008. The amendment and remarks do not include new matter and are only clarifying in nature. That is, the amendment to claim 15 is without prejudice because it only corrects a typographical error, it is not made for reason of patentability in response to a rejection over cited art.

Rejection Under Section 101

Claims 15 and 26-30 stand rejected as allegedly reciting non-statutory subject matter. Applicant respectfully traverses the rejection as being in error.

In re Bilski confirmed the machine-or-transformation requirement of Section 101 for method claims handed down by the chain of decisions cited by the Office. As noted by the Office, independent claim 15 is not limited to a machine-implemented process, so patentability in view of the requirements of Section 101 must come from evidence that it “transforms a particular article into a different state or thing.”¹

Claim 15 recites *displaying a signal having a first visual characteristic simultaneously to both terminals in response to the user requesting a replenishment of inventory.... Claim 15 also recites subsequently modifying the signal simultaneously to both terminals to continuously display a second visual characteristic different than the first visual characteristic responsive to the supplier sending the requested replenishment of inventory and during the time that the requested replenishment of inventory is in transit to the user.*

Prior to *Bilski*, the Federal Circuit held in *Nuijten* that transitory electrical and electromagnetic signals, in and of themselves, propagating through some medium are not

¹ *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008 *en banc*)

statutory subject matter.² The *Nuijten* panel reasoned that the claimed signal there was not patentable for lacking perceptibility:

These definitions address “articles: of “manufacture” as being tangible articles or commodities. A transient electric or electromagnetic transmission does not fit within that definition. While such a transmission is man-made and physical—it exists in the real world and has tangible causes and effects—it is a change in electric potential that, to be perceived, must be measured at a certain point in space and time by equipment capable of detecting and interpreting the signal. In essence, energy embodying the claimed signal is fleeting and is devoid of any semblance of permanence during transmission. Moreover, any tangibility arguably attributed to a signal is embodied in the principle that it is perceptible—e.g., changes in electrical potential can be measured. All signals within the scope of the claim do not themselves comprise some tangible article or commodity. This is particularly true when the signal is encoded on an electromagnetic carrier and transmitted through a vacuum—a medium that, by definition, is devoid of matter. Thus, we hold that Nuijten’s signals, standing alone, are not manufacture[s]” under the meaning of that term in § 101.³

Rejected claim 15 is distinguishable over the facts in *Nuijten* because the recited signal transformation is clearly perceptible. That is, the signal initially has a first visual characteristic, then subsequently it is modified (transformed) to exhibit a second visual characteristic different than the first visual characteristic. *Bilski* did nothing to disturb the line of reasoning in *Nuijten*, but further reasoned that the requisite transformation exists so long as the perceptibility represents some tangible object like the bone structure in *Abele*:⁴

In contrast, we held one of Abele's dependent claims to be drawn to patent-eligible subject matter where it specified that "said data is X-ray attenuation data produced in a two dimensional field by a computed tomography scanner." *Abele*, 684 F.2d at 908-09. This data clearly represented physical and tangible objects, namely the structure of

² *In re Nuijten* 500 F.3d 1346, 1353 (Fed. Cir. 2007).

³ *Id.* at 1356-1357.

⁴ *In re Abele*, 684 F.2d 908.

bones, organs, and other body tissues. Thus, the transformation of that raw data into a particular visual depiction of a physical object on a display was sufficient to render that more narrowly-claimed process patent-eligible.

We further note for clarity that the electronic transformation of the data itself into a visual depiction in Abele was sufficient; the claim was not required to involve any transformation of the underlying physical object that the data represented. We believe this is faithful to the concern the Supreme Court articulated as the basis for the machine-or-transformation test, namely the prevention of pre-emption of fundamental principles. So long as the claimed process is limited to a practical application of a fundamental principle to transform specific data, and the claim is limited to a visual depiction that represents specific physical objects or substances, there is no danger that the scope of the claim would wholly pre-empt all uses of the principle.⁵

Applying the reasoning of *Bilski* to rejected claim 15, clearly the recited visual depiction does indeed represent a specific physical object. Particularly, the *first visual characteristic* represents the location of the *requested replenishment of inventory* being in the supplier inventory. Subsequently, the *second visual characteristic* represents the location of the *requested replenishment of inventory* being in transit from the supplier inventory to the user inventory. Therefore, claim 15 recites patentable subject matter according to *Bilski* because the transformation of the signal is perceptible and represents a specific physical object.

The Office's rationale for the rejection is as follows: "To qualify as a statutory process, the claim should...positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state."⁶ First, claim 15 does positively recite the signal being the subject matter that is transformed:

⁵ *In re Bilski* at 962-963.

⁶ Office Action of 12/24/2008 pg. 2.

displaying a signal...subsequently modifying the signal.... However, the Office's stated requirement (emphasized above) is in error as a misplaced understanding of the law. *Bilski* holds for subject matter involving the transformation of data, a claim meets the Section 101 statutory requirements if the transformed data is visually depicted and the visual depiction represents a physical object.

Applicant respectfully requests reconsideration and withdrawal of the rejection of claim 15 and the claims depending therefrom.

Rejection of Independent Claims Under Section 103

Claims 8, 10-15, and 24-32 stand rejected as being unpatentable over a new rationale on final rejection of Li in view of Hill. Applicant respectfully traverses the rejections.

In its remarks the Office expresses concern because it believes that Applicant is arguing that substantiating *prima facie* obviousness requires showing that the cited references teach or suggest all the features of a rejected claim. Actually, *KSR* left untouched the requirement that a teaching or suggestion for each claim limitation must be shown in the prior art in order to substantiate a *prima facie* case of obviousness.⁷ Where the cited references fail to teach or suggest a feature of the rejected claims, the Office is obligated to bridge that gap in the teachings of the cited references by articulating an objective reason as to why the skilled artisan would find the differences between the claimed subject matter and what the cited references teach to be obvious.

⁷ *In re Royka*, 180 USPQ 580 (CCPA 1974); *In re Ochiai*, 71 F.3d 1565, 1572 (Fed. Cir. 1995); *In re Wilson*, 165 USPQ 494, 496 (CCPA 1970); MPEP 2143.03; MPEP 2141.

Applicant has shown with regard to the first action, and shows below with regard to the second action, that the Office has not shown that the cited references teach or suggest all the features of the rejected claims. Applicant has shown and shows below that the Office has also not stated an objective reason why the skilled artisan would find the differences to be merely obvious between what is claimed and what the cited references teach or suggest. Absent the requested reconsideration, Applicant's evidence leaves an unresolved legal issue that the claims stand finally rejected in the absence of a showing of prima facie obviousness, making the case presently not in condition for appeal. Moreover, the Office's stated rationale relies on misplaced characterizations of what the cited references actually teach or suggest, such that absent the requested reconsideration there are unresolved factual issues in this case that must be addressed before it can be said that it is in condition for appeal.

Claim 8

Applicant agrees with the Office's stated position that:

Li does not explicitly disclose a network connected to said first terminal and said second terminal for exchanging information between said first terminal and said second terminal; a replenishment module executing computer readable instructions stored in memory to continuously display a signal having a first visual characteristic simultaneously to both terminals in response to the user requesting a replenishment of inventory, and to subsequently modify the signal simultaneously to both terminals to continuously display a second visual characteristic different than the first visual characteristic responsive to the supplier sending the requested replenishment of inventory and during the time that the requested replenishment of inventory is in transit to the user.⁸

The Office's stated rationale for the rejection is that Hill allegedly teaches or

⁸ Office Action of 12/24/2008 pg. 4.

suggests a signal that displays the *second visual characteristic*:

However, these features are known in the art, as evidenced by Hill. In particular, Hill suggests...a replenishment module...to subsequently modify the signal simultaneously to both terminals to continuously display a second visual characteristic different than the first visual characteristic responsive to the supplier sending the requested replenishment of inventory and during the time that the requested replenishment of inventory is in transit to the user (See Hill, Page 5, Paragraphs 0043-0045).⁹

Like the first action, instead of pointing to evidence where Hill actually teaches or suggests this feature, the Office broadly refers to three paragraphs of Hill. It's as if the Office believes it has no more of a burden than to take the position that "it's in there somewhere." Applicant cannot find any evidence in the three paragraphs the Office relies on, or anywhere else in Hill, that it teaches or suggests a signal that displays the *second visual characteristic* as featured by claim 8.

The *second visual characteristic* demarcates the interval after the *requested replenishment of inventory* has been sent out of the supplier inventory but before it has been received into the user inventory; that is, while it is in transit from the supplier inventory to the user inventory. In other words, the *second visual characteristic* display is associated with the physical location of the *requested replenishment of inventory* being neither in the supplier inventory nor in the user inventory.

The only reference to "location" in the passage of Hill relied on by the Office (and elsewhere) is the location of the sensor.¹⁰ The location of the sensor is only relevant to the location of the requested replenishment inventory while it remains in the supplier inventory. The location of the sensor is irrelevant to the location of the requested

⁹ Office Action of 12/24/2008 pg. 4 (emphasis added).

¹⁰ Hill para. [0043]:11-12.

replenishment inventory during transit from the supplier inventory to the user inventory as featured by the rejected claim.

Also included in the passage relied on by the Office is a reference to an illustrated embodiment by a product marketed as SuppliLink.¹¹ Following is a excerpt of a product sheet obtained at the website¹² for SuppliLink that is marked up for discussion sake:

¹¹ Hill para. [0045]:26-29; at www.visibleinventory.com

¹² <http://www.visibleinventory.com/pdf/SuppliLinkDataSheetFeb04.pdf>

Product Profile: SuppliLink™ Software Solution

- Visible Inventory's *iSeries* sensor products continuously measure and communicate their inventory level to the *SuppliLink* software. From there, it can be automatically communicated to specific points throughout your Supply Chain.
- Emails to internal personnel or suppliers can be automatically sent when an *iSeries* sensor reaches a specific re-order quantity by part or by stocking location. Email notifications can be set to be periodically resent until necessary replenishment has been made.
- Emails can also be sent if any part or supply item reaches a critical level and an additional notification or action is required. *SuppliLink* will also monitor maximum part levels and take action when an overstock condition exists.
- Custom views by planner/buyer, work cell, product line, commodity or any user defined field are easily set up. With a single mouse click key personnel can then see their items and view the current, real-time status.
- Our *Replenish* view indicates the items that are at or below their replenishment level. As *iSeries* sensor products are refilled those items are automatically removed from this view. This screen can be permanently displayed in a stockroom, warehouse or work cells feeding other work cells to continually and automatically indicate the items that need to be replenished. Parts that reach a critical level switch to red to indicate additional action may need to take place.
- Summary or detailed emails to suppliers can be automatically generated at timed intervals indicating just the items that are at a replenish point or the quantities of all items. This feature allows your supply chain to track real-time usage information.

Real-Time Inventory Measurement and Control at your Desktop or Remotely

The *iSeries* of products provide highly accurate, real-time inventory visibility and control for many industries and for a wide range of items. *SuppliLink* software and wireless network collect real-time information from each remote sensor and populate the *SuppliLink* database. From there, quantity, status, reorder information and history can be viewed through *SuppliLink* from any point on your network, emailed or viewed over the Web using *iVision*.

The screenshot shows the SuppliLink software interface. It features a table with columns: Item, Part Number, Description, Status, and Reorder. A red circle highlights a row where the status is 'Critical'. To the left of the table, there are labels: Y, B, R, Y, R, B, Y, B, which correspond to the rows in the table.

Visible Inventory, Inc.
Web Site: www.visibleinventory.com

Color
White
Yellow
Red
Blue

Status
OK
Replenish
Critical
Exceeds Max.

Benefits

The *iSeries* of products were developed to address the needs of manufacturers, distributors and healthcare organizations that require highly accurate, real-time control of their inventories or supplies. In these environments, costly "safety" inventories or crippling shortages due to inaccurate counts, misplaced items and delays in communicating replenishment requests to suppliers cannot be tolerated. The Visible Inventory technology specifically addresses these issues.

SuppliLink Profile
Sales and Support: 603-854-5838

Applicant notes that the fifth bullet point indicates that the display indicates which items are at or below the replenishment level. The display changes when the requested replenishment inventory is received by the user, not during transit as claimed.

The sample display on the SuppliLink website shows the color-coded display scheme. The non-color copy of the sample display above is marked up to show that the color version of the display uses the four colors of white, yellow (Y), red (R), and blue (B). The corresponding “Part Status” column is circled for emphasis. If the part status for a part listed in a row is “OK,” then the row is colored white. The row changes color to yellow when the user inventory drops sufficiently to trigger the “Replenish” status. The row changes color to red if the user inventory drops further to the level that it triggers the “Critical” status. The row changes color to blue if the user inventory “Exceeds Max.”

This evidence from even the passage of Hill relied upon by the Office clearly shows that no *second visual characteristic* is displayed when the *requested replenishment of inventory* has been sent out of the supplier inventory but before it has been received into the user inventory, as featured by rejected claim 8.

A *prima facie* case of obviousness requires a showing of a teaching or suggestion for each claim limitation appearing in the claim.¹³ In construing a claim term, the Office is obligated to apply the broadest reasonable interpretation consistent with the specification.¹⁴ An interpretation that is inconsistent with the specification is not reasonable.¹⁵ Further, the Office is obligated to construe the claim language in accordance with its plain meaning.¹⁶

Here, the Office has failed to substantiate evidence to back up its assertion that Hill

¹³ *In re Royka*, 180 USPQ 580 (CCPA 1974); MPEP 2143.

¹⁴ *Phillips v. AWH Corp.*, 75 USPQ2d 1321 (Fed. Cir. 2005)(en banc); MPEP 2111.

¹⁵ *In re Morris*, 44 USPQ2d 1023 (Fed. Cir. 1997).

¹⁶ *Phillips, supra*; MPEP 2111.01.

teaches or suggests at least the *replenishment module...to subsequently modify the signal...to continuously display a second visual characteristic...responsive to the supplier sending the requested replenishment of inventory and during the time that the requested replenishment of inventory is in transit to the user* as featured by claim 8. Where it has not shown that Li and Hill teach or suggest all the features of the rejected claim, it has also not filled the gap by substantiating an objective reason as to why the skilled artisan would find the differences to be obvious between what is claimed and what is taught. Therefore, the Office has not substantiated *prima facie* obviousness. Applicant respectfully therefore requests reconsideration and withdrawal of the rejection of claim 8 and the claims depending therefrom.

Claim 15

Claim 15 recites the same subject matter as claim 8 discussed above: *subsequently modifying the signal simultaneously to both terminals to continuously display a second visual characteristic different than the first visual characteristic responsive to the supplier sending the requested replenishment of inventory and during the time that the requested replenishment is in transit to the user*. The Office's rationale for the rejection of claim 15 is the same as that for claim 8. Therefore, for the reasons set forth above, Applicant respectfully requests reconsideration and withdrawal of the rejection of claim 15 and the claims depending therefrom because the Office has failed to substantiate *prima facie* obviousness.

Conclusion

This is a complete response to the Office Action mailed December 24, 2008.

Applicant respectfully requests reconsideration and withdrawal of all standing rejections.

Applicant has also submitted herewith a request for telephone interview. Absent a favorable reconsideration, the interview is necessary and appropriate to address the issues identified above that presently make this case not in condition for appeal.

The Office is encouraged to contact the undersigned should any questions arise concerning this response or this case generally.

Respectfully submitted,

/Mitchell K. McCarthy/

By: _____

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